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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/505,298

Applicant(s)

VINER, VICTOR

Examiner

Thuan Tran

Art Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 July 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 14 July 2008 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/CDC)
- 4) ☐ Interview Summary (PTO-413)
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____
- Paper No(s)/Mail Date _____

DETAILED ACTION

Status of Claims

1. This action is in reply to the Amendment filed on 7-14-2008.
2. Claims 1-4, 8, 9, 11, 12, 15, and 17 were amended.
3. Claims 18-22 have been added.
4. Claims 1-22 are currently pending and have been examined.

Priority

5. Applicant's claim for the benefit of a prior-filed application under 35 U.S.C. 119(e) or under 35 U.S.C. 120, 121, or 365(c) is acknowledged.

Claim Objections

6. Previous claim objections have been removed.

Response to Arguments

7. Applicant's arguments filed with respect to the drawings have been fully considered but they are not persuasive. See Drawings section below.
8. Applicant's arguments with respect to independent claims 1, 15, 17, and 18 have been considered but are moot in view of the new ground(s) of rejection. Thus the rejections of the dependant claim stands. In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references

individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

9. In response to the applicant's traversal of the claim 7 Official Notice finding(s) in previous office action, Examiner asserts that the traversal is inadequate. Adequate traversal is a two-step process. First, applicant(s) must state their traversal on the record. Second and in accordance with 37 C.F.R. 1.111(b) which requires applicant(s) to specifically point out the supposed errors in the Office Action, applicant(s) must state why the Official Notice statement(s) are not to be considered common knowledge or well known in the art.

In this application, while applicant(s) have clearly met step (1), applicant(s) have failed step (2) since they have failed to argue why the Official Notice statement(s) are not to be considered common knowledge or well known in the art. Because Applicant(s)' traversal is inadequate, the Official Notice statement(s) are taken to be admitted as prior art. See MPEP 2144.03.

Drawings

10. The previous objection to the drawings based on the Identification of the drawings has been removed. However, the examiner repeats the objection to the color drawings and submits new objections to the drawings. The drawings are objected to because:

- Figures 22, 23, and 27 are objected to. The words on the drawings are not readable. *Character of lines, numbers, and letters.* All drawings must be made by a process which will give them satisfactory reproduction characteristics. Every line, number, and letter must be durable, clean, black (except for color drawings), sufficiently dense and dark, and uniformly thick and well-defined. The weight of all lines and letters must be heavy enough to permit adequate reproduction. This requirement applies to all lines however fine, to shading, and to lines representing cut surfaces in sectional views. Lines and strokes of different thicknesses may be used in the same drawing where different thicknesses have a different meaning. See 37 CFR 1.84(l).
- Color photographs and color drawings are not accepted unless a petition filed under 37 CFR 1.84(a)(2) is granted. Any such petition must be accompanied by the appropriate fee set forth in 37 CFR 1.17(h), three sets of color drawings or color photographs, as appropriate, and, unless already present, an amendment to include the following language as the first paragraph of the brief description of the drawings section of the specification:

The patent or application file contains at least one drawing executed in color. Copies of this patent or patent application publication with color drawing(s) will be provided by the Office upon request and payment of the necessary fee.

Color photographs will be accepted if the conditions for accepting color drawings and black and white photographs have been satisfied. See 37 CFR 1.84(b)(2).

The applicant has submitted a petition for acceptance of color drawings under 37 CFR 1.84(a)(2). The applicant states that, "color drawings are the only practical medium by which to disclose the subject matter..." This is an insufficient explanation as to why the color drawings are necessary. On rare occasions, color drawings may be necessary as the only practical medium by which to disclose the subject matter sought to be patented in a utility or design patent application or the subject matter of a statutory invention registration. 37 CFR 1.84(a)(2). The applicant has only stated that color drawings are necessary not why the color drawings are necessary. Thus the objection to the use of color drawings is repeated.

Previous Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.

Claims 1-14, 15-16, 18-22 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). The preamble of the claims states, "A computer implemented method," however the is not sufficient to tie the process claim to a particular apparatus in another statutory class. To qualify as a statutory process, the claim should positively

recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claim Rejections - 35 USC § 103

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. **Claims 1-21** are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman, US Patent 6,161,098, in view of Lange, US Patent 6,321,212 in further view of Olsen, US 2002/0123951.

13. **As per claims 1, 15, and 18:**

Wallman teaches:

A computer-implemented method for managing an investment portfolio, the method comprising: at an application server remotely accessible by a web browser (see at least column 13 line 24-27), storing investor portfolio data at the server, the portfolio data comprising data identifying assets owned by an investor and tax status information associated with the investor (see at least column 3 line 13-17); computing a strategy based on a portfolio analysis comprising an analysis of at least a first one of the assets

identified by the investor portfolio data (see at least column 3 line 36-38), wherein: computing said strategy comprises at least one transaction (see at least column 3 line 38-43), and the portfolio analysis further comprises a tax impact analysis to determine gain and loss and tax impact data associated with the at least one transaction, said determined gain, loss and tax impact data being determined based on the investor's particular tax status information (see at least column 3 line 38-43); and presenting strategy and tax impact information particularized to the investor (see at least column 3 line 45-47).

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio using hedging strategy and transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

Although Wallman in view of Lange teach using hedging strategy and transactions to manage a portfolio, he does not specifically disclose determining a hedging strategy. However, Olsen teaches determining an optimal hedging strategy in at least paragraph 0021. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman in view of Lange with Olsen to produce a method of managing a portfolio by selecting a hedging strategy with motivation to use the best investment strategy given prescribed rules for entering and neutralizing

positions in one or more assets. This gives the investor the ability to change his investment strategy according to market changes to reduce risk.

14. As per claim 2:

Lange further teaches wherein said strategy is determined based on risk preferences associated with the investor (see at least column 10 line 46-50. Lange's defined states and termination criteria are chosen based on the risk preferences associated with the investor).

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio using hedging strategy and transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

15. As per claim 3:

Lange further teaches wherein risk preferences comprises data enabling automatic selection from among a plurality of strategies having different risk profiles, said strategies comprising protective and yield enhancing strategies (see at least column 10 line 43-45).

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio using hedging strategy and transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

16. As per claim 4:

Lange further teaches wherein determining said strategy is further determined based on market data associated with the assets identified in the investor portfolio data, the market data comprising pricing and volatility data (see at least column 11 line 24-33).

As stated above in the rejection to claim 1 Olsen teaches determining the hedging strategy. With Olsen's determining the hedging strategy and Lange's calculating strategy base on the market data associated with the assets in an investor's portfolio, together they teach the determining a hedging strategy based on the market data associated with the assets identified in the investor portfolio data, the market data comprising pricing and volatility data. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman in view of Lange with Olsen to produce a method of managing a portfolio by selecting a hedging strategy with motivation to use the best investment strategy given prescribed rules for entering and

neutralizing positions in one or more assets. This gives the investor the ability to change his investment strategy according to market changes to reduce risk.

17. As per claim 5:

Lange further teaches wherein the market data comprises current and historical data (see at least column 11 line 24-33).

18. As per claims 6 and 16:

Wallman further teaches wherein: said portfolio analysis comprises, for each of a plurality of price probabilities associated with an asset (see at least column 3 line 1-5), computing a position value (see at least column 2 line 35-38), a realized gain/loss (see at least column 4 line 21-27), an unrealized gain/loss (see at least column 5 line 29-31), current taxes (see at least column 3 line 42-47), future taxes (see at least column 5 line 6-12), net position value (see at least column 3 line 1-5, this is easily calculated knowing original user data and shares to sell for settlement), shares to sell for settlement (see at least column 3 line 1-5), net shares (see at least column 3 line 1-5, this is easily calculated knowing original user data and shares to sell for settlement), and an unused realized loss (see at least column 5 line 29-31).

19. As per claim 7:

Wallman in view of Lange teaches the method of claim 6. He does not specifically teach rules that the portfolio must comply with. However, the examiner cites

admitted prior art that it is old and well known in the finance arts that said portfolio analysis further comprises applying a tax straddle rule and constructive sales rules compliant with the Taxpayer Relief Act of 1997. It would have been obvious to one of ordinary skill in the art at the time of the invention to manage a portfolio in compliance with the Taxpayer Relief Act of 1997 with motivation to work within the confines of the law and thus avoiding costly fines.

20. As per claim 8:

Wallman further teaches tax impact analysis comprises determining a tax rate applicable to the at least one transaction, see at least column 3 line 38-43. In determining the potential tax consequences, the correct tax rate must also be determined for the transaction. He does not specifically teach the details of the tax status information. However, the examiner cites **admitted prior art** that it is old and well known in the finance arts wherein tax status information further comprises total income information. It would have been obvious to one of ordinary skill in the art at the time of the invention to manage a portfolio by using total income information to determine tax status information with motivation to use a simple and accurate method of determining tax status, thus, saving time and money.

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman

and Lange to produce a method to manage a portfolio using hedging strategy and transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

21. As per claim 9:

Lange further teaches wherein computing the strategy is further based on a statistical likelihood that an asset price will be above or below certain predetermined levels over a specified time frame (see at least column 17 line 48-62 and column 17 line 1-12 and column 20 line 25-27).

As stated above in the rejection to claim 1 Olsen teaches determining the hedging strategy. With Olsen's determining the hedging strategy and Lange's computing the hedging strategy, together they teach the determining a hedging strategy based on a statistical likelihood that an asset price will be above or below certain predetermined levels over a specified time frame. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman in view of Lange with Olsen to produce a method of managing a portfolio by selecting a hedging strategy with motivation to use the best investment strategy given prescribed rules for entering and neutralizing positions in one or more assets. This gives the investor the ability to change his investment strategy according to market changes to reduce risk.

22. As per claim 10:

Lange further teaches wherein said portfolio analysis comprises predicting asset price movement using a Monte Carlo simulation (see at least column 11 line 31-32).

23. As per claim 11:

Wallman further teaches wherein presenting the strategy and tax impact information comprises presenting a result of the analysis using a graph (see at least column 3 line 1-5), the graph comprising: a long stock position showing return of an investment in an asset versus price of the asset (price of the asset is the current price, see at least column 5 line 29-42); a option (see at least column 15 line 15-17) strategy overlay, the option strategy overlay comprising a gain area plotted using a first display characteristic and a loss area plotted using a second display characteristic (see at least column 5 line 3-6, having loss and gain on separate axis is two different display characteristics); and an out performance range comprising an option (see at least column 15 line 15-17) strategy out performance range and a long stock out performance range(see at least column 4 line 67 to column 5 line 3).

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio using hedging strategy and

transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

24. As per claim 12:

Wallman further teaches wherein: the analysis further comprises analysis of a second one of the assets (see at least column 3 line 36-38); and presenting the strategy comprises presenting a comparative display of the analysis of assets (see at least column 13 line 54-66).

He does not specifically disclose that the strategy and transactions are a hedging strategy and hedging transaction. However, Lange teaches the details of computing the hedging strategy in at least abstract and column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio using hedging strategy and transactions with motivation to better handle risk in managing a portfolio using an automated trading process.

25. As per claim 13:

Lange further teaches further comprising computing a probability analysis modeling whether asset values will be above a first predefined level or below a second predefined level at a future time (see at least column 11 line 53-56, the defined states are the first and second predefined levels).

26. As per claim 14:

Lange further teaches further comprising determining a recommended asset sale/purchase strategy (see at least column 10 line 43-45) based on a risk preference associated with the investor (see at least column 10 line 46-50, Lange's defined states and termination criteria are chosen based on the risk preferences associated with the investor).

27. As per claim 17:

This is the system claim including the necessary means and processors for implementing the method claims 1-16. Therefore, claim 17 is rejected based on the rationale provided under claims 1-16. Wallman teaches that this method is performed on a computer; see at least column 13 line 19-34.

28. As per claim 19:

Lange further teaches wherein the hedging strategy further comprises modeling said at least on hedging transaction (see at least column 11 line 31-32).

As stated above in the rejection to claim 1 Olsen teaches determining the hedging strategy. With Olsen's determining the hedging strategy and Lange's computing the hedging strategy using modeling, together they teach the determining a hedging strategy based on modeling said at least on hedging transaction. It would have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman in view of Lange with Olsen to produce a method of managing a portfolio by

selecting a hedging strategy using modeling with motivation to use the best investment strategy given prescribed rules for entering and neutralizing positions in one or more assets. This gives the investor the ability to change his investment strategy according to market changes to reduce risk.

29. As per claim 20:

Wallman in view of Lange in further view of Olsen teaches modeling said at least one hedging transaction as described above. Lange further teaches that these at least one user specified variable is based on investment objectives and risk preferences associated with the investor (see at least column 10 line 46-50. Lange's defined states and termination criteria are chosen based on the risk preferences associated with the investor).

30. As per claim 21:

Lange further teaches wherein determining the hedging strategy further comprises selecting said hedging strategy from among a plurality of hedging strategies based on investment objectives and risk preferences associated with the investor (see at least column 10 line 43-45).

31. **Claim 22** are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman, US Patent 6,161,098, in view of Lange, US Patent 6,321,212 in further view of Olsen, US 2002/0123951 in further view of Sloan et al, US 2002/0147671.

32. As per claim 22:

Wallman in view of Lange in further view of Olsen teaches claim 21 as described above. They do not teach specific types of hedging strategies. However, Sloan teaches a capital protection strategy (strategy for a bear market) and a yield enhancement strategy (strategy for a bull market), see at least the abstract of Sloan. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide a capital protection strategy and a yield enhancement strategy for hedging investments with motivation to create a portfolio that can best match a user's preferences with respect to risk exposure.

Conclusion

33. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Thuan Tran whose telephone number is 571-270-1832. The examiner can normally be reached on Monday-Friday 8:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/
Supervisory Patent Examiner, Art Unit 3693

Thuan Tran
Patent Examiner
8-19-2008